668
471 process is not only time-consuming but also trying on the collective patience of the peasants.

City dwellers are forced to accept similar restrictions. On the job, workers are required to observe "labor discipline." They are severely punished for tardiness or for leaving the factory early. Loafing and belligerence are punishable crimes. During off-hours, workers are required to participate in all organizational and cultural activities and attend technical and cultural classes. Participation in mass meetings, propaganda discussion groups, and urban community committees is expected.

B. High Taxation and Public Obligation

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668 The high taxes and many business restrictions imposed by the Communist regime are likewise unpopular. In the rural districts, the Communist San Ting policy, formulated at the end of 1953, is a measure to tax and to restrict the production, purchasing, and marketing of farm produce. The forced sale of surplus products-- mainly rice and cotton-- at a central, government-controlled market has created great resentment among the peasantry. Urban businesses are subject to a similar scheme of taxation and control. Businessmen must pay high taxes, purchase bonds, and make regular "voluntary contributions" to government-sponsored organizations.

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653 Public obligations imposed upon the people are a further cause of public discontent.

652 In the discussion that follows, we shall examine at length some phases of Communist China's fiscal policy during the first five years of occupation of Mainland China. They include the agricultural tax, the taxation on commerce and industry, and government bonds. As will be seen, the revenues discussed are all recurrent in nature. No attempt is made to study such non-recurrent levies as those imposed during the Five-Anti Campaign. Because of the nature of these impositions, it is not likely that these measures can be successfully used again in the near future.

II. URBAN TAXATION

651 In Communist China, the core of urban taxation has consisted of the business tax, the tax on business income, and the commodity taxes.

None of the trio is new in China. Under the Nationalist Government, the business tax was collected as a local tax, the tax on business income was a part of the income tax system, and the commodity tax constituted one of the main revenues of the Nationalist Government.

Under the Communist government, all these taxes were drastically reorganized, apparently under the influence of the Russian tax system. From 1949 to date, the system of

•651 urban taxation has already undergone several important changes. Its history, which may be divided into two stages, covers the period from January 1950 to December 1952.

During the first period, the industrial and commercial tax constituted the greater part of urban taxation. The tax was a composite levy consisting of an import based on gross turnover and another on net taxable income. The "business tax" was collected on the basis of a proportional rate schedule. While the tax rates remained constant regardless of how the amount of the tax base changes, they varied according to the nature of the business or industry. The rates on manufacturing industries, for instance, were in general higher than those on undertakings which consisted only of sales of services (such as public utilities, professional services, hotel services, insurance, banking, etc.). For undertakings deriving their income in the form of commission (such as trade agents, etc.), the rates of business tax were much higher than any of the other types of businesses mentioned heretofore.

In addition, the tax rates varied according to the nature of the commodity produced or handled by taxpayer. Those who deal in such commodities as are essential to the national economy are liable to a lighter tax than those who are associated with the production of non-essential commodities. The business tax

1:Stanford U. S-4, 5 1956 AF12 North China AF12

651 rate on the production of cigarettes, for instance, was much higher than the rate applicable to the iron and steel industry.

The characteristics of the income tax system, which was used early in the Communist regime and is still in effect, may be summarized as follows.

A. Like the system in Soviet Russia, the income tax system in Communist China consists of a series of income taxes applicable to different types of income. Besides the agricultural tax, which may be considered as an income tax on agricultural income, there are income taxes on business profit derived from the earnings of business enterprises and on interest derived from bank deposits. Wages and salaries, however, are not subject to tax. Because of the disappearance of landlords under the Communist system, the tax on rent income is non-existent in the tax system of Communist China.

B. Like the Soviet system, there is more differentiation in the Chinese income tax than in the system commonly used in the West. There is, for instance, the differentiation in favor of military or industrial "heroes", and of earnings from industries against earning from commercial undertakings (particularly those derived from services, such as commissions, etc.).

C. The progressive rates used in the

•651 Chinese income tax are applied on the entire taxable income rather than progressively by income brackets.

D. Inventory valuation for income-tax purposes is computed on the basis of the historical cost. This apparently means an unduly heavy tax burden on taxpayers at the time of rising prices.

E. Depreciation charges are computed on the basis of either the straight line method or the method of constant percentage. In either case, the income tax will mean, under the condition of rising prices, a tax to be paid out of capital as well as current income rather than a genuine tax on income.

After December 31, 1952, the "tax on commodity circulation," or the turnover tax, was introduced. This new tax is a composite levy consisting of parts of farmer commodity and business taxes. In many respects, it is also reminiscent of the turnover tax of the USSR. The introduction of the turnover tax brought changes in the system of urban taxation in Communist China. In the place of former commodity and business taxes, the turnover tax is applicable to the following 22 commodities: rolled tobacco, tobacco leaf, wine, wheat flour, furs and hides, cotton yarn, match, phonograph records, acid, salt,

• 651 chemical fertilizers, paper, newsprint, rubber tire, cork, cement, glass plates, metal and metal products, pig iron, coke and its products, and mineral oils and their products. After paying the turnover tax, producers and dealers in these commodities will be subject to no other commodity or business taxes so long as they circulate within the national boundaries of China. The exemption, however, does not apply to the custom duties if they are to be exported or to the income taxes to which such producers or dealers are liable. Nor would the payment of commodity tax on raw materials exempt a product manufactured of such material from commodity tax, if the product were itself a taxable commodity.

Instead of the payment of tax as a product leaves its factory or additional taxation as each business transaction occurs, as was the case of the old commodity tax, the collection procedure of the turnover tax varies according to the nature of the commodity subject to tax. In the case where the sales are to be handled by a government agent, the turnover tax is payable when the commodity is sold or transferred from its producers to such a sales agent. In the case where the sales are made by the manufacturer's own agent, the tax is payable at the first sale of the commodity at the wholesale level, or its transfer from producer to the sales agent. In the case where the sale of product is handled by neither a government

651 agent nor that of its producer, but by the producer himself, the tax is payable at the time when the product leaves the hand of its producer. In the case where the taxable product is not for sale, but for further processing or use in some other departments of the producing factory, the turnover tax is payable when the commodity leaves the producing department. In the case of forestry products, the tax is paid by the purchasers at the time when the products are being shipped from their point of origin. In the case of an imported commodity, the turnover tax is collectible by the customs together with customs duties at the point of importation. In the case of an export commodity, the tax is collectible at the time of export.

Which of the above-mentioned procedure is to be applicable to a given commodity is to be decided by the government and not by the taxpayer himself.

Since the turnover tax is to displace both the commodity and business taxes, its rates are higher than those of either of these old taxes . The turnover tax rate on wheat flour has been raised to 10 per cent as against a rate of 3 per cent according to the old commodity tax. The new rate applicable to cotton yarn is 22 per cent as compared to 12 per cent charged in the old commodity tax. With the exception of the turnover tax on beer, which is a specific levy, the levy on all other commodities is collectible on an ad valorem basis.

• 651 Many changes other than those mentioned above were made in the business taxation following the institution of the turnover tax. Among such changes, the following changes are probably the most important.

Under the new regulation, all the commodities produced within the country and not subject to commodity or turnover tax as previously explained are liable to three business taxes -- one at the level of production, one at the wholesale level, and another at the retail level. All those subject to commodity or turnover tax are liable to two business taxes at the wholesale and retail levels. These regulations will be applied regardless of whether a commodity transaction is an inter-firm sale or merely an intra-firm transfer. As a result of these modifications, all the advantages of vertical combination, which were ample under the old system, are eliminated.

Before the tax reform in 1952, all the business taxes at manufacturing, wholesale, and retail levels were payable after the completion of business transaction. After 1952, the business tax became applicable only to the transactions of those commodities to which the new turnover tax does not apply. Instead of collecting the tax after the completion of transactions, producers of such commodities are required, in addition to their own tax liabilities, to advance the tax payable by wholesale dealers to whom the products are sold. Such advances

• 651 are later to be repaid by the wholesale dealers to the producers. Thus, under the new law the business tax on the wholesale dealer becomes collectible before rather than after the relevant business transactions are effected.[1]

In the case of the commodities subject to turnover taxation, all the business taxes on retailers, under similar arrangement, are to be advanced by wholesale dealers. The turnover tax and the changes in business tax not only result in speeding up the collection of business tax, but also, through the concentration of tax collection at production and wholesale levels, reduce substantially the cost of tax administration.

The stamp tax and all surtaxes attached to the business tax under the old system merged under the new regulation with the business tax. Under the new system, the rates of business tax fall into three categories. There are those applicable to industries, those for commercial undertakings, and those applicable to income derived from sales of personal services. For the cases where the old rates fell within the range of 1 to 3 per cent, a new rate of five per cent is used. For the cases where the old rates ranged from 4 to 6 per cent, an addi-

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1. Cheng Chu-yüan, Chung-kung Ts'ai-ching Cheng-ts'e Hsin Tung-hsiang [The New Tendencies of the Chinese Communists' Financial and Economic Policies], Hong Kong, 1953, pp. 73-77.

1:Stanford U. S-4, 5 1956 AF12 North China AF12

• 651 tional one per cent is added in the new rate schedule. For the cases where the old rates ranged from 8 to 10 per cent, an additional two per cent is added to form the new schedule. For the cases where the old rates ranged from 12 to 15 per cent, a new flat rate of fifteen per cent is used.

Besides the institution of the turnover tax and the changes in business tax mentioned above, there are also important modifications in the system of commodity tax. Among these are the following adjustments.

Twenty-two of the commodities formerly subject to commodity tax are under the new regulations subject to the turnover tax.

Fifteen new items are included in the modified system of commodity tax; among these new commodities, the most important item is foodstuffs. In the place of the old transaction tax, under the new system the foodstuffs are subject to commodity tax. This adjustment contributed substantially to widening the basis of the commodity tax.

Several silk textile products, which were formerly subject to commodity tax, are now exempted from the tax. In addition, several other minor adjustments in commodity classifications have also been made with a view to simplifying tax administration.

651 In the place of market price, commodity taxes under the new system are assessed on the basis of the relevant wholesale prices as quoted by government sales agents. For the commodities for which government quotations are not available, the market price is used as the basis of the tax assessment. Under the old system, the commodity tax was assessed by the means of the following formulas:

$$\frac{\text{Market price}}{1 - \text{Tax rate}} = \text{Price subject to tax}$$

The price subject to tax X Tax rate = The amount of tax.

The purpose of using these formulas was to avoid the inclusion of the tax in the price upon which the commodity tax rate is to be applied. Under the new system, the commodity tax rate is applicable directly to the price quoted by government enterprise, and the price includes the cost of tax. The commodity tax assessed on this basis is apparently higher than that which was derived from the old formula.

Other important changes in the system of urban taxation effected at the end of 1952 are as follows.

A part of stamp duties were transferred to be collected as turnover tax, commodity tax, or the tax on butchery.

651 The business taxes and stamp tax payable by butchers merged under the new system with the butchery tax.

The transaction tax on food stuffs are being collected in a new system of commodity tax. The transaction tax on cotton was combined under the new system with the turnover tax on textile products.

All the levies on real estate merged into one tax on real estate.

It is clear that one of the objectives for tax reform in 1952 was to transfer, wherever it was feasible, all the old taxes on gross business receipts, the commodity taxes, the transaction taxes, stamp duties, etc., into the newly instituted system of turnover tax. In the cases where such transfer are not practical, these levies are collected as much as possible under the system of commodity taxes. Only in the case where neither transfer is feasible do the old taxes on business or turnover continue to exist. Whenever the conditions permit, the regular tax and surtaxes imposed by local authorities are consolidated into one single tax. In the case of turnover tax, collections are made, as far as it is administratively feasible, at the wholesale level or at the time when the taxable commodity leaves the hands of its producer. The main purpose of effecting successful reforms is to reduce the cost of

1:Stanford U. S-4, 5 1956 AF12 North China AF12

•651 tax collection and to improve the efficiency of its administration.

There is little change in the system of income tax.

III. AGRICULTURAL TAXATION

During the last five years, four types of agricultural tax have been used in various parts of Communist China. They are the system used in Manchuria, that of North China, that applicable to the "newly liberated" areas where the land reform campaign has not yet been completed, and that for the areas where land reform has already been completed.[2]

In administering the agricultural tax in North China, the Communist government has encountered many problems, some of which are similar to those confronting other regions. The following are some of the main difficulties which are worthy of attention.

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2. Hua-tung Ch'ü Ts'ai-cheng Ching-chi Fa-ling Hui-pien [Compendium of Laws and Regulations Concerning Finance and Economy in East China], Vol. I, pp. 291-306; New China Monthly, July 25, 1951, pp. 676-77; Cheng Chu-yüan, op. cit., pp. 48-69.

•651 1. The greatest difficulty involved in agricultural taxation in China is the lack of reliable statistical information concerning productivity, distribution of land, and rural population. This has been a constant problem of Chinese governments throughout Chinese history -- a problem which has never been satisfactorily solved, although land taxation has been one of the oldest and the most important levies. In this respect, the Communist government should be in a better position than its predecessors, since it has been carrying out a nationwide land reform which should have yielded many reliable facts not available to previous governments about China's land and agricultural systems.

Even with these possible improvements, the statistical basis for the tax administration remains inadequate. From reports now available it is clear that the assessment of agricultural taxes in Communist China has often been done on an arbitrary basis. The quota allocation system and the method of so-called "democratic assessment" have been commonly used. The former requires the fulfillment of a stipulated amount of tax revenue in a specified area. The regional quota is to be allocated among the prospective taxpayers in the area, with little or no regard for the amount actually produced. The method of "democratic assessment" means to assess tax liability of a taxpayer by a specially organized committee; it is an assessment based on what the com-

651 mittee thinks a particular taxpayer should pay. In many cases such a process of assessment has to be repeated each year, whereas in some areas a relatively permanent "norm" has been used. Before a comprehensive census of land and agricultural uproducation is taken, and more reliable statistical data are available, the administration's agricultural tax on an equitable basis will not be possible. This is a problem which the Communists themselves do not deny in their official reports.

2. The agricultural tax is applicable to crop yields but not to other sources of agricultural or rural income, which are ample in some parts of the country. The failure of the tax to cover these rural incomes is a concession probably dictated by administrative difficulties.

3. The reason for using proportional taxation in the "old liberated" areas is that, in these provinces where the land reform has been completed, landlords are no longer in existence and there should be little differentiation in the incomes of the farmers. Under these conditions, it is desirable to use the system of proportional taxation not only for the simplicity of administration, but also for its inducement for expansion in production. Later surveys indicated, however, that in villages in Hopei Province some farmers had incomes as much as sixty per cent higher than others in the same village. In the southern part of Chahar, where land reform was completed a few years ago, the average income of the new

•651 "middle-income" farmers was about ninety per cent higher than the corresponding receipts of "low-income" farmers, whereas the income of "low-income" farmers was in turn 34 per cent higher than the average income of landowners.[3] These are only a few examples of income differentiation which continued to be common in many parts of the country long after the completion of the land reform campaign.

It is evident that to use the proportional agricultural taxation under such circumstances will preclude a fair distribution of tax burden among farmers. For this reason, there has been a clamor among Chinese economists for the adoption of some mild form of progressive taxation in North China, with a view to ensuring an equitable distribution to the tax burden without at the same time impairing the incentive for expansion in agricultural production.[4]

4. Another serious problem confronting the Communist regime is the question of collecting the agricultural tax-in-kind. To collect tax-in-kind had two advantages. It protects the government from losses in the real value of its tax receipts in the case of inflation. In

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3. Wu Tan-ko, Chung-kuo Nung-yeh-shui Wen-ti [Problems of Chinese Agricultural Taxation], Shanghai, 1952, p. 43.

4. Ibid.

651 addition, it ensures the government with the supply of staple foodstuffs which are necessary for the maintenance of its army and sometimes for the stabilization of food prices in the domestic market. But the collection-in-kind system has many serious disadvantages. First, there is the question of setting a standard for accepting the products for tax payments. The failure to set such a standard may result in encouraging taxpayers to meet their tax liabilities with products of inferior quality, and will mean a gross injustice to those who are too "honest" to take advantage of the government. Secondly, the collection-in-kind system often requires taxpayers to deliver their products at points specified by the government. This often means an extra burden for the taxpayer if the collection centers are located far away from his farm. Thirdly, there is the question of storing and distributing such agricultural products after they are collected. Their handling usually involves a great cost and additional administrative responsibilities for the government. The use of various commodities rather than a monetary unit as the basis of tax collection necessarily means a great complication in the system of tax accounting and surely provides fertile ground for graft and corruption.

Because of these disadvantages of the collection-in-kind system, many economists in China suggest that the government reconsider its position with reference to the collec-

•651 tion system. With the containment of inflation in China, these economist contend, there is little need for the collection-in-kind system to protect the revenue of the government and to ensure food supplies in the domestic market.[5]

5. Another important defect of the agricultural tax is its failure to allow for costs involved in various kinds of agricultural production. Under the present system, exemptions and allowances have been given only to the labor employed in such production, but they are not applicable to other costs of production. There is, for instance, no allowance for equipment, horses, or cows used in land cultivation, for chemical fertilizers, or for special irrigation required for certain types of agriculture. Consequently, the use of modern methods to improve agricultural production receives no encouragement, and their use is actually discriminated against by the tax. If the agricultural tax were really to serve as a tax on income, as has been often claimed, the levy would have to be on the net income rather than the gross receipt.

IV. GOVERNMENT BONDS

652 Of 100 million fen (1 fen= US$0.75) of People's Victory Bonds issued in 1950, North China, consisting of five provinces and two

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5. Ibid., pp. 77-88.

2: Gamble S-5 (1926-1933) 1954 AF12 North China AF12

CHAPTER VIII

Taxes

651 TAXES in Ting Hsien were of many kinds and varieties: national, provincial, hsien, and village; direct, indirect, and transfer; permanent and temporary; regular, special, and surtaxes on regular; land, sales, manufacturing, business licenses, registration, and stamp. Some were used for general governmental purposes, some were allocated to specific accounts such as education, police protection, support of a library, poor relief, and anti-Red campaign. Some were collected by governmental agencies, others were farmed to and collected by semi-private organizations such as the business gilds or by private agencies. In some cases the records showed how much the governmental agencies received from the Ting Hsien area. In others the amount could only be estimated, as Ting Hsien was part of a larger tax district.

Our figures show approximately the amounts the government agencies received from the hsien, but how much the people actually paid can only be guessed. There were no figures available to show how much the tax collectors received from the taxes farmed to them. Nor could we discover how many people earned their livelihood collecting taxes. It must have been a large number, for there were 64 collection organizations operating from 22 centers and they had to cover the different sections of the 83 periodic markets.

Most of the taxes farmed to the highest bidder were those levied on the sale of animals and local produce, although in some instances license taxes were farmed to non-governmental collectors because of the difficulty of collection. The tax rates were nominally fixed, but even if the total amount of sales were known the amount paid to the tax collectors could only be approximated. Some sales were missed entirely by the tax agents. At festival time they were so busy with the larger sales that they made no effort to collect on the smaller ones. Sales of fruit and vegetables under 50 catties were exempt, as were sales to

2: Gamble S-5 (1926-1933)1954 AF12 North China AF12

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peddlers. Sometimes the amount of the tax was set by bargaining with the collector. Any discount would be influenced by how prosperous a year he had had and by his friendship for the buyer or seller. In some cases where the charge was to be divided between buyer and seller only one of them paid. Some of the taxes collected on Ting Hsien land were remitted to other hsien and did not appear in the Ting Hsien records.

The recorded and estimated amounts received from Ting Hsien in 1929 by national, provincial, and hsien governmental agencies totaled almost $500,000. This was divided national government 29 per cent, provincial 47 per cent, and hsien 24 per cent. The total amounted to approximately $1.25 per capita, or $7.25 per family. A rough estimate of the unreported village assessments and a guess as to the profit of the non-governmental tax collectors would make the total probably 75 per cent higher and possibly even more, perhaps $2.25 per capita, $13.00 per family per year. In 1927 the land owners were assessed the equivalent of three years' taxes. The extra, which was called an emergency tax for the anti-Red campaign and for rehabilitation, was collected for the army.

The principal national taxes were those on salt, a government monopoly; on wine, tobacco, and cigarettes; likin or transit duties; and stamp taxes. In 1927 the Peking government and in 1929 the new Nationalist government levied a special registration and inspection tax on old land deeds.

The income from the annual land taxes, transfer taxes on land, taxes on mortgages, and commodity sales taxes, was divided by the provincial and hsien governments. The proportion going to the provincial government varied from 100 per cent of the regular land tax to 34 per cent of the general sales taxes. The annual animal and cotton sales tax and the slaughter house tax were divided almost evenly. The salt gabelle paid to the province all of the "user's contribution", a surtax of $1.70 per 100 catties.

A special assessment of 35 cents per family was collected by the hsien in 1929. That was the only year this tax appeared in the records during our tax study. The amount received indicated payment by 61,237 families, some 8,800 less than the total of our family census.

Transportation taxes were levied on carts and rickshas, but no report of the amount collected was available.

The unsettled political conditions in North China during the time of

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

651 our study, with troop movements in the area, brought special tax levies. The arrival of the Nationalist government in 1928 brought considerable readjustment and rearrangement in the tax program. The efforts of the various departments of the government to expand their services and take on new activities tended to increase the amount of the regular taxes and to add some new assessments.

655 Salt was a monopoly of the national government and the salt tax had long been one of its chief sources of income. The amount collected from Ting Hsien could be accurately estimated as the local distribution was in the hands of a single dealer. He reported the annual consumption to be some 5,500 bags of 471 catties each, a total of almost 2,600,000 catties, or some 6.4 catties (8.5 pounds) per person per year.

655 The basic salt tax was $2.75 per picul (100 catties), and was collected
651 for the national government. Numerous surtaxes that had gradually been added for various purposes had been combined into one "consumer's contribution" of $1.70 per picul. This was allocated to the provincial government. The total tax, $4.45 per 100 catties, was 51 per cent of the market price of $8.70 per picul. The total Ting Hsien tax, some $115,000, was divided $71,000 to the national government and $44,000 to the provincial government.

651 On cigarettes the basic tax was 32.5 per cent of the wholesale price. On the Little Child brand it was $29.25 per case of 50,000 cigarettes. For 1929 the estimated consumption of all brands was 100 cases per month and the estimated annual tax $35,100.

The locally grown tobacco leaf was taxed $2.00 per 100 catties. A license fee was levied on all local tobacco dealers, varying from $2.00 a year for the peddler who carried cigarettes in his load to $48 for a store that handled only tobacco, $80 for a tobacco agent, and $400 a year for a factory branch or agent. In 1928 and 1929 the hsien tax office collected the license taxes, but it had so much difficulty in checking on all the dealers that in 1930 the larger tobacco dealers were made responsible for the collection of the license fees.

Wines and wine dealers were similarly taxed. The production tax was $1.25 per 100 catties of rice and date wine, $2.50 per 100 catties of kaoliang wine. Dealers' licenses ranged from $2.00 to $32.00 per year, manufacturers' from $64 to $128 plus a fee of from 20 cents to $4.00 for the issuing of the license. The 1929 wine and tobacco production tax collections totaled $2,450, the dealers' licenses $8,016.

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Surtaxes were levied on both tobacco and wine in 1927. The tobacco surtax was 40 per cent of the basic tax and was designated for education. The wine surtax was 60 per cent of the regular tax and was collected for the army. In 1928 the wine surtax was reduced to 30 per cent and was designated for relief. Both surtaxes were discontinued in 1929 by the new Nationalist government but the loss was more than made up by a large increase in the dealers' rates. The 1929 income from that source, $8,016, was more than 3.5 times the $2,300 received in 1928. Other wine and tobacco receipts increased only $416, from $2,034 to $2,450.

Likin (transit taxes) was collected in Paoting and Shih Chia Chuang. No records were kept of the shipments addressed to Ting Hsien, but the heads of the two collection offices estimated that the taxes on the goods destined for that area amounted to some $12,500. For most items the likin was an ad valorem charge of one per cent; for some it was 5 per cent; for some it was based on weight or number, e.g., 10 cents per 100 catties of flint and bamboo, 50 cents per 100 catties of bristles, 30 cents per ton of coal, $1.50 on a noodle machine, $6.00 on a cart.

Stamps were required on practically all documents, from one cent on receipts for less than $10.00 to 10 cents on a store account book, 40 cents on a marriage license, $1.00 on a college diploma, and $2.00 on the papers for an automobile worth more than $1,000. The government apparently attempted to set stamp quotas for the hsien, but the quota figures usually were far above the actual receipts. In 1919 Ting Hsien's quota was $6,000 but the amount actually received was reported as less than $500. In 1929 the quota was $8,800, the receipts $6,340.

Ting Hsien was the head stamp office for 13 hsien. The receipts from that area were reported as just over $50,000. Twenty per cent of the total was kept by the district office for expenses. Stamp agents, of whom there were four in Ting Hsien, were paid 5 per cent on their sales. During 1926–28 almost none of the proceeds of the stamp taxes went to the national government. They were kept by either the province or the armies.

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In 1913 the new Republican government decreed that all land owners must present their deeds for inspection and registration. A registration fee of 10 cents was charged on all deeds and an inspection fee of $1.00 on deeds for property worth more than $30. The next year the deeds for land worth less than $30 were taxed 50 cents each. The

2: Gamble S-5 (1926-1933) 1954 AF 12 North China AF 12

424 651 hsien kept 10 per cent and sent the rest to the provincial capital. The amount paid from May to December, 1914, was $52,000.

In 1927 the Peking government again issued regulations requiring that all deeds be presented for inspection and that old and new deeds be stamped according to the value of the land. The graduated fee was 10 cents for values under $50, 20 cents under $100, 50 cents under $300, $1.00 under $500, and $2.00 for all values of $500 or more. Not much was done in the matter until February, 1928. Then each village was required to register a minimum number of deeds depending on its size; at least 500 deeds by villages with from 50 to 200 families, at least 1,500 deeds by those with from 200 to 500 families, and at least 3,000 deeds by those with from 500 to 1,000 families. The collection of the inspection fee was finally passed on to the village heads and they were required to finish the work in half a month. The government was anxious to complete the program before the arrival of the Nationalist forces.

The Nationalist government also instituted a deed registration program in 1927, in order to get money for the provincial governments, but Ting Hsien was not affected until 1929, when the program was applied to Hopei province. Then the representatives of 96 hsien went to Peking to protest against a second registration program in two years, but the best they could do was to get the time of collection extended.

423 651 The regular annual land tax, which produced some 22 per cent of the tax income from the hsien, was based, according to the hsien history, on a classification of the privately owned land set up by the Emperor Wan Li (1572–1619). In order to have a uniform tax rate, but still relate the amount of the tax to the value of the land, the size of each plot of land was fixed in terms of an elastic size tax mu, larger than the standard mu. The number of standard mu in a tax mu was determined by the quality of the land. Three and one-half mu of good land, five mu of medium grade land, seven mu of poor land, and 14 mu of very poor land were equivalent to one tax mu. The land so rated was known as the o nei land (fixed number of mu). The number of large mu on the 1929 tax roll was 224,223.4. This was the same as the figure given for 1657 except for 21,361.1 mu that had been destroyed by four floods in the 19th century and therefore removed from the tax rolls.

The records show that early in the Ch'ing dynasty the taxed land was divided into three classes: (1) land owned by gentry who were exempt from the surtax imposed to replace a head tax and a national labor

2: Gamble S-5 (1926-1933)1954 AF 12 North China AF 12

corvée (later this land lost its exemption and was added to class 2); (2) land of other resident owners; (3) land of absentee owners. At that time 11 per cent of the tax mu were in class 3. The first and second classes paid the same basic tax rate, 13.195 tael cents per tax mu, but for the third class the rate was 14.159 cents, 8.51 per cent higher, because of the owners' inability to perform any local labor service.

During the first part of the Sung dynasty a large military force was maintained in Ting Hsien and a considerable portion of the hsien, possibly as much as one-quarter of the arable land, was held as government land to be cultivated by the troops. The crops provided the food needed by the army. In 1659, farmers in Fang Shan Hsien and Liang Hsiang Hsien were given most of the cultivated military land in Ting Hsien to compensate them for their lands that had been taken and given to Manchu princes and officers as a reward for their services in the establishment of the new Manchu dynasty. Land used for drill grounds and barracks, or to provide food for disaster relief or income for soldiers' salaries and schools, and all uncultivated land apparently was kept by Ting Hsien.

The Ting Hsien land distributed to the Fang Shan and Liang Hsiang farmers became a tax enclave in Ting Hsien with the tax income belonging to those hsien rather than to Ting Hsien. The land had not been taxed when it was held as government property; hence it had made no contribution to the Ting Hsien budget. It was assessed when distributed to private owners, but, as it replaced land formerly assessed by Fang Shan and Liang Hsiang, but tax free in the hands of the new Manchu owners, the Ting Hsien authorities were required to collect the taxes and remit them to Fang Shan and Liang Hsiang hsien. Although all the regular land taxes belonged to the provincial government, the advantage that accrued to the remitting hsien was preserved, at least in part, for Fang Shan and Liang Hsiang hsien by transmitting the new Ting Hsien taxes through them.

A large part of the land allocated to the Fang Shan and Liang Hsiang farmers was gradually reclaimed by Ting Hsien when (1) the land was sold to Ting Hsien residents; (2) there were no heirs in a family that had been given land; (3) any of the land was confiscated; (4) land that was barren when distributed later became fertile; (5) any of the confiscated land in Fang Shan and Liang Hsiang hsien was returned to the original owner. The recovery was not complete, for the 1929 tax records

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indicated that Ting Hsien was still collecting taxes for Fang Shan and Liang Hsiang hsien. The amount of the enclaved land was not given.

The recovered land in groups 2 to 5 was sold to private owners and the land in all five classes was added to the Ting Hsien tax rolls. The recovered area, together with the government land, drill grounds, uncultivated land, etc., that had been kept by Ting Hsien in 1659 but later sold for private use, was known as the o wei land. It was outside the tax area as fixed by Wan Li.

The recovery of land from Fang Shan and Liang Hsiang and the sale of the government land evidently took place before 1753, for the tax records of that year and those for 1929 show the same number of o wei mu, except for 11,304 mu destroyed by floods in the 19th century and 2,680 mu transferred to Hsin Le Hsien soon after the establishment of the Republic. The 1929 total was 341,636.3 mu. The land recovered from Fang Shan and Liang Hsiang hsien was 257,546.3 mu, 72 per cent of the o wei total.

Because of the different kinds and sources of the o wei land it was assessed in eight different categories, with six different tax rates. The records do not indicate that any attempt was made to adjust the tax rates to the different values of the land within the different categories. The basic o wei rate varied from 1.0 tael cents per mu for the barracks land, the drill grounds, and the land that had been used to grow food for disaster relief, to 2.229 cents per mu for the land recovered from Fang Shan and Liang Hsiang, 3.0 cents per mu for the land for soldiers' salaries, and 13.2 cents per mu for school land. The average rate was 1.9518 cents per mu. Both the land area and the amount of tax were figured to three decimal places.

A third classification was added to the land list in 1914, when the hsien officials were asked to collect the rent on land that had been owned, tax free, by Manchu families and where (1) the family had died out; (2) Manchu landlords had paid their agents for their services by giving them land subject to a small rent charge and the agents were trying to avoid paying the rent; (3) land had been confiscated because of crime. The average rent charge was 10.43 tael cents per mu on (1), 4.45 cents per mu on (2), and 14.6 cents per mu on (3). The rent collected on (1) was paid to individuals as directed by the provincial government, on (2) to the landlords, and on (3) was apparently kept by the hsien. For its services in connection with the first two groups the hsien was paid a

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commission of 10 cents per tael, the equivalent of the maximum charge sometimes levied on tax payments to compensate for the taxpayer using poor quality silver when paying his tax bill. The area of the Manchu land involved was 5,584 mu.

In 1927 this Manchu land was classified and offered for sale to private owners. It was entered on the tax roll with an average tax rate of 2.937 tael cents per mu.

A head tax was part of the Ming tax program. The families were divided into three different categories and there were three classes in each category. The lowest rate was 10 tael cents per head. The classification of the family and the size of the family were reviewed and adjusted every five years. In 1713 K'ang Hsi decreed that there should be no further revision of the size of the family and that all families should pay 10 cents per head. At that time the population of Ting Hsien was given as 38,111. This was a little more than one-fifth of the 1929 population figure, but if allowance is made for some under-reporting the total was probably about one quarter of the 1929 figure. The population apparently was doubling about once per century. At that rate the average population increase was 0.75 per cent per year.

Since revision of the number of persons in the family was prohibited by Imperial decree, it was not long before the tax base had but little relation to the actual number of persons in the family. There must have been many complaints over the inequity, for only 11 years later, in the second year of Yung Cheng, the head tax was discontinued and a compensating amount was added to the land tax.

A national labor draft was instituted by the Ming emperors to provide the workers needed to build their new palaces, first in Nanking and later in Peking. Quotas were set for the provinces and passed on to the hsien. Later the labor assessment was converted into a money payment. In 1724 the amount for Ting Hsien was only 33.75 taels. This too was added to the land tax.

The head tax and the labor assessment together totaled 8,097.507 taels, 20.7 per cent of the total basic land tax. The different land tax rates were all increased by that per cent. The resident o nei owners' rate became 15.927 tael cents per tax mu, equivalent to 4.55 tael cents per standard mu of good land, 2.28 cents for the poor land, and 1.14 for the very poor land. The o wei rates varied from 1.207 to 15.932 tael cents per mu with the average 2.282 cents per mu.

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651 In 1927 the total tax on the o nei, o wei, and Manchu land (basic rate plus the 20.7 per cent surcharge) was 47,215.02 taels.

Under the Empire there were two additional surcharges, one of 11.7 per cent to compensate for the leap months of the lunar calendar and one that averaged 3.0 per cent to compensate for the impurities in the silver bullion used in paying taxes. Together these charges amounted to 6,925.14 taels. Both were discontinued in 1914, when the solar calendar was adopted and the dollar became the silver monetary unit.

When the shift was made from taels to dollars the original tael tax rates were still retained but the exchange was figured at $2.30 per tael rather than $1.39, the par of exchange. The adjustment evidently was made partly to compensate for the revenue lost by the discontinuance of the leap month and silver quality assessments and partly to cover the increase in the general price level. The dollar rates set in 1914 were used through 1929 and presumably at least until the Japanese invasion in 1937.

At $2.30 per tael the average provincial tax rates became 36.917 cents per tax mu of o nei land (from 10.5 to 2.6 cents per standard mu), 5.249 cents per mu of o wei land, and 6.755 cents per mu of Manchu land. The total to be collected was $108,434.99. The reported delinquency for 1928 was only $244.35, an amount so small that it was easy to see why there was no ready answer to the question "What happens if the land tax is not paid?" (A delinquent owner could be jailed for the non-payment of his taxes.) The 1929 delinquency was $1,679.64.

Two other small amounts, totaling $4,572.35 in 1927 and $2,923 in 1929, were collected for the province. They were based on the number of tax receipts issued rather than on the number of mu involved. To cover the cost of the paper on which the tax receipt was written there was a charge of 40 cash per receipt in 1927 and 1928 and 20 cash in 1929. For recording a receipt the charge was 26.5 cash. The total number of receipts issued was apparently 257,860. On this basis the 64,550 land owning families had an average of four deeds per family and the area covered by the average deed was 5.5 standard mu.

Besides the basic tax collected for the province the farm land was assessed for local governmental activity, regularly by the hsien, generally by the village governments. The hsien charge originally included a regular tax, a 2 per cent surcharge of 20 cash per thousand to make up for the 20 cash regularly deducted by the money shops when they strung

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the cash, and an additional surcharge of 49.2 per cent designated for the police and for education. After 1914 these items were combined into a single levy. In 1927 the total was 60,206,017 cash or $16,051.91. In 1929 the rate was more than doubled. The total was $33,578.04. This was 30 per cent of the provincial levy.

Together the provincial and hsien levies for 1929 totaled $144,938. The combined rate was 48.52 cents per o nei mu (from 13.9 to 3.47 cents per standard mu) and 6.89 cents per o wei mu. The overall average was just under 10 cents per standard mu.

Most of the villages collected "crop money" from the owners and operators of the surrounding farm land, in order to pay the village expenses for crop watching, night watchmen, local police, home guard, schools, and the demands of the military forces. The rates for the Ting Hsien villages were not available but in a village about 25 miles south the charge varied from 12 to 23 cents per mu during the five year period, 1927-31. The highest rate was in 1928 when the military demands were especially heavy.[1] In 21 multi-village areas near Peking the fall "crop money" ranged from 15 to 70 cents per mu in 1929 and from 18 to 45 cents in 1930. For the individual areas the averages for the five years, 1929 to 1933 inclusive, ranged from 19.5 to 54 cents per mu. For 13 of the 21 areas the five year average was between 30 and 45 cents per mu. The average annual assessment of the 21 areas ranged from 30.6 to 36.4 cents per mu.

Transfer taxes were levied on all land sales and on mortgages. The latter were taxed as they involved a definite land transfer. The mortgagee regularly took possession of the mortgaged land and held and used it until the mortgage was repaid. The income from the land went to the mortgagee in lieu of interest on the loan.

The tax regulations required the village land supervisors, village gentry, to witness the signatures on land deeds and to see that the transfer taxes were paid within six months. Delay beyond six months brought a 100 per cent penalty. If delayed beyond one year the penalty was 200 per cent and beyond two years 300 per cent. Concealing the value of the land transferred, or the amount of the mortgage, incurred penalties of from 100 to 500 per cent depending on the amount of the discount, 100 per cent for undervaluations up to 20 per cent and 500 per cent if over

1. Sidney D. Gamble, "Hsin Chuang", *Harvard Journal of Asiatic Studies*, vol. 8, no. 1 (1944).

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651 424 687 50 per cent. If there was collusion that involved the land supervisor of the village he was to be assessed twice the amount of the tax due.

The tax rates were 12.6 per cent on deeds and 5.3 per cent on mortgages. The basic rates were 6 per cent and 3 per cent and were collected 651 for the province by the hsien. It kept 2 per cent of the total for its collection service. A surtax of 10 per cent of the basic tax was designated 426 for education. The remaining 6 and 2 per cent represented the commission, ya yung, formerly collected by the middlemen who arranged the deals, but later taken over by the government agencies.

The basic rate and the 10 per cent surtax were paid by the seller or mortgagor. The ya yung charges were paid 60 per cent by the purchaser or mortgagee, 40 per cent by the seller or mortgagor.

The proceeds of the extra 6 per cent, ya yung, on deeds was divided 1.5 per cent for the province, 2.0 per cent for the hsien, and 2.5 per cent for the village where the land was located. The extra 2 per cent on mortgages was divided 0.5 per cent to the province, 0.8 per cent to the hsien, and 0.7 per cent to the village. The hsien and village shares were earmarked for education. The village share was reported as one of the sources of income for the village school. (See Chapter IX.)

651 424 In addition to the taxes there was a charge of 50 cents a sheet for the official deed and mortgage forms and 10 cents each for recording.

The number of deeds recorded was 4,826 in 1927, 5,660 in 1929. The three year average was 5,550. The number of mortgages was 903 in 1927, 1,110 in 1929, the three year average 1,049. The total reported value of the deeded land was $100,000 in 1927, $208,000 in 1929, the three year average $150,000. The total amount of the recorded mortgages was $24,600 in 1927, $54,500 in 1929, the three year average $37,870. The average land value per deed was $21 in 1927, $37 in 1929. The amount of the average mortgage was $22 in 1927 and $49 in 1929.

651 The land transfer tax on deeds and mortgages, plus the charge for the official forms and for recording, totaled $17,317 in 1927 and $33,091 in 1929. The average for the three years was $24,290. The division between deeds and mortgages was almost exactly the same for all three years, 89.3 per cent for deeds, 10.7 per cent for mortgages.

651 432 Tooth (sales) taxes, ya shui for the province and ya chüan for the hsien, were collected on most sales. Some said that the term "tooth taxes" was derived from the fact that the taxes were first levied on the sale of farm animals, transactions that regularly included the examina-

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tion of the animals' teeth. Other suggested that the term was connected with the amount of talking that the middleman had to do to consummate a sale. Unlike the land transfer taxes, which were collected by the hsien tax office, the tooth taxes were regularly farmed out to the highest bidders. The tax contract usually granted the collection privilege for the entire hsien, though for some taxes two or three different collection areas were indicated. There was evidently considerable subcontracting because of the area of the hsien and the number of market centers, 83, that had to be covered. It was also reported that anyone could act as middleman and tax collector in a market if he secured a license and arranged with the next higher tax contractor for the payment of the taxes collected and with the higher up middleman for the division of the commissions involved. In the animal market the commission was generally divided evenly.

The combined tax and commission charge was usually divided by the seller and the buyer, the actual proportion paid by each depending on official tax regulations and on local customs. Where the government's rules and the local procedure differed, local usage was apt to prevail.

On most sales the middleman collected a 6 per cent fee, 3 per cent for the tax, 3 per cent for commission. Only one per cent tax was paid on cotton, but the tax agent ordinarily estimated the amount of cotton offered for sale in the market and collected the tax on that amount even if the cotton was not sold. In that case the middleman had to pay the tax. One report gave the 1929 tax as 70 coppers per picul, the middleman's gross collection on a sale as 200 coppers per picul, and his net as 130 coppers. A later report stated that there were two taxes on cotton, the tooth tax and an additional sales tax. The combined tax was given as 38 coppers per picul with the buyer paying one copper per catty and the seller nothing, or the division might be determined by the terms of the sale. A 1933 report gave the combined tax as 52 coppers and therefore the net to the middleman only 48 coppers per picul. Although the middleman might not receive any direct payment from the seller he usually managed to secure some profit on exchange when he turned over the money from the sale. It was also stated that the middleman protected himself on the matter of the taxes on unsold cotton by generally under-reporting his sales to the tax office.

On cotton cloth there was a fixed charge of two cents per piece. In the grain markets the tax was usually two coppers per tou, e[illegible]t for

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651 sesamum, on which the charge was four coppers per tou. The commission was the same as the tax, two or four coppers per tou. In 1931 the price of millet was 50 cents per tou, kaoliang 54 cents, wheat 88 cents, and sesamum $1.28.

There were eight different tooth taxes: (1) animals, (2) cotton and cotton seed, (3) cloth, (4) grain, (5) oil cake, fuel, vegetables, fruit, bags, thread, and belts, (6) peanuts, mats, and hemp, (7) timber, oil waste, animal hides, bones, and oil, (8) bristles. The history of the different taxes shows that most of them had long been collected for local use. About 1915 many of them were designated, at least in part, for particular purposes: cotton for an agricultural demonstration center; cotton cloth for the opening of the Chamber of Commerce, for the establishment of an industrial school, for the promotion of industry; oil cakes, vegetables, etc., for lecture halls and reading rooms; peanuts and mats for official and religious ceremonies, for the establishment of a police association, for visiting primary schools, for reading rooms; lumber and animal products for relief funds for orphans and the poor, for girls' higher primary schools. Then in 1925 Li Ching-lin, the governor of Hopei province, reformed the taxes and appropriated part of the tooth taxes for the provincial government. In fact the province took over the tooth taxes, except for a fixed amount equal to what the hsien government had been collecting. Later increases in the tooth taxes went to the province rather than to the hsien.

The amounts collected from the tooth tax contractors in 1929 ranged from $1,458 on bristles and $1,540 on cloth to $5,750 on grain and $18,130 on animals. The total was $44,313, of which $28,863 went to the hsien and $15,450 to the province. In 1927 the total for the province was $7,482. Most of the increase came in the animal tax, which went up $6,780, 59 per cent in two years. Three amounts went down during the two years, cotton by only $10 but oil cake, etc., by 12 per cent and cloth by 15 per cent. Grain and peanuts went up not more than 3.5 per cent but wood, etc., increased 33 per cent and bristles 45 per cent.

The increase in the tax receipts did not, of course, necessarily represent any increased payment for the people, except as it made the tax collectors more diligent in their work. The increase was rather an adjustment in the division of the tax income between the collector and the government and possibly the recognition of larger sales totals because of price increases. The figures also show something of the relative

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strength of the business and agricultural groups. In 1927 extra emergency land taxes were collected amounting to 200 per cent of the normal land tax. The increase in the tooth taxes arranged for that year but collected in 1928 was only 11.1 per cent. In 1928 the extra land tax was 61 per cent of the normal tax. The same year the government tried to secure a 40 per cent increase in the tooth taxes for 1929 but the best it could get was 10 per cent. The land owners were evidently much more vulnerable to emergency tax assessments, but as soon as the military emergency was over the extra levies were discontinued and the land tax returned to the traditional level.

When preparing for the annual tooth tax bidding the government authorities attempted to set up minimum amounts that must be bid. In 1927 six of the eight bids were above the minimum, but four of the six by not more than $10. The total for the eight contracts was $747 less than the sum of the proposed minima. The next year the minima were the bids of the previous year. Again six of the successful bids were above the minimum. Grain was only $1.00 more. The total was $4,037 above the sum of the minima. The animal tax bid was up $3,010, 26 per cent. In 1929 the authorities raised the minima so that their total was $16,145 (40 per cent) above the total of the 1928 bids, but the successful bids totaled only $3,931 (10 per cent) more than the 1928 total. All of the final bids were less than the proposed minimum and two of the eight, peanuts and bristles, were less than the amount bid the previous year. Another rise of $3,710 in the animal tax accounted for most of the increase in the total.

For both 1928 and 1929 the total increase in the tooth taxes over the amount for the previous year was within a few dollars of $4,000, an increase of some 11 per cent per year. Figures are not available to show whether this increase continued. However, the drop in prices in the early 1930s undoubtedly brought decreases in the amounts bid by the tax collectors.

Besides the eight tooth taxes the hsien and province collected an additional tax on the animal and cotton sales. In 1929 it was $42,668, only $1,645 less than the total for the eight tooth taxes. There was also a tax on the butchering of animals that totaled $9,500. These two amounts were divided approximately 54 per cent to the province and 46 per cent to the hsien. The hsien also received an additional $17,156 on peanuts and wood, an amount in which the province did not share.

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The total sales tax receipts in 1929 were $113,637, divided $70,259 for the hsien and $43,378 for the province.

The 1917–29 record of the hsien tax on peanuts and wood shows how the highest bids for one of the extra sales taxes nearly trebled in 12 years and how from the low in 1918 to the maximum in 1929 the amount was almost quadrupled.

In seven years the amount was more than that for the previous year. In five years, 1918, 1920, and three successive years 1925–27, it was less. The 1918 drop of 26.3 per cent and the 1920 decrease of 18.5 per cent undoubtedly reflected the damage done by the 1917 floods and the 1919–20 drought. In both cases the succeeding year's increase more than equaled the preceding decline. Disturbed political conditions appear to be the reason for the 27.3 per cent decrease from 1924 to 1927.

The successful bid in 1917 was $6,070. In 1929 it was $17,156, an overall increase of 183 per cent. From the minimum of $4,484 in 1918 to the maximum in 1929 the increase was 284 per cent. From 1927 to 1929 the amount went up 44 per cent. During the same two years the tooth tax total increased only 22 per cent.

From our figures it would appear that the governmental agencies received only a small proportion of the taxes paid by the buyers and sellers. The hsien wheat crop was estimated to total $2,689,000. A sample of 400 farm families estimated that they sold 42 per cent of their wheat. From the sales taxes on all grains the government collected only $5,750. The sales of bristles were estimated to be some $760,000. The reported sales tax paid the government was $1,458. The sales of "export cloth" totaled some 1,000,000 pieces. Only part of the 600,000 piece output of "big cloth" was sold but it would add considerably to the sale total. For the privilege of collecting the tax of two cents per piece the cloth gild bid only $1,540.

The records do not show what, if any, year to year changes there were in the successful tax bidders. With the cloth gild dealing with the government on their tooth tax there probably would not be any other bidders. Apparently little if any change was expected in the organizations actually collecting the taxes as they were required to secure a five year certificate as well as an annual license. The tax hangs were divided into six classes according to the amount of their collections or their surplus. The five year certificates cost from $80 to $300, the annual license from $20 to $160 plus $1.20 big money for the certificate show-

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ing the renewal of the license. Later, for extra income, the $20 rate was increased to $29.55 and $35.10, the $40 rate to $58.50.

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In 1925 Ting Hsien listed 64 tax collection units. There were 24 for animals, 15 for cotton and cotton seed, six for cloth, 19 for grain, two for peanuts etc., four for oil cake etc. Six agencies collected two different tooth taxes. None were listed for the wood, oil waste, animal hides and bones group, or for bristles. As there were only 80 families, living in two villages, who were engaged in sorting and selling bristles they undoubtedly made their own tax arrangements with the hsien government. It was also stated that these two groups were not listed because of lack of time for the preparation of the necessary regulations.

The 64 tax units were located in 22 different centers throughout the hsien. There were nine in the city. Nine villages had only one unit. The units were rated one second class, one third class, five fourth class, 12 fifth class and 44 sixth class. The total charge for their five year certificates was $6,290 and their total annual license fees were $2,201.70.

The city had three grain tax units, three animal units, one for mules and horses, one for donkeys and cattle, and one for pigs. Ming Yueh Tien had four animal units, one for mules and horses, and separate ones for donkeys, cattle, and pigs. Ch'ing Feng Tien among its seven units had one for the $25,000 worth of rice grown on the 2,090 mu of spring irrigated land in the 6th District.[2]

Provincial taxes on butcher shops were begun in 1915. An extra amount for the hsien was added in 1916 but the regulations provided that the hsien extra could not be more than the amount for the province. The rates were first fixed at 20 cents each for sheep and goats, 30 cents for pigs, and $1.00 for cattle. In 1916 the rate for cattle was increased to $2.00 per animal, that for donkeys was set at 60 cents, and that for horses, mules, and camels at 80 cents. Bids were to be received for three categories—pigs, cows and sheep, others—with the successful bidder for each collecting from the entire hsien. In 1925 the hsien was divided into districts and the rates increased to 40 cents for sheep and goats, and 60 cents for pigs. Cattle, etc., went up to $4.00 each to discourage their being slaughtered. In 1929 the slaughter house taxes were combined under one contract instead of three. The rate on cattle was reduced to $3.00 and the butchering of mules, donkeys, horses, and camels was forbidden.

2. See Chapter X.

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651 The tax payment of $9,500 in 1929 was divided $5,000 for the province and $4,500 for the hsien. From 1927 to 1929 the amount increased 22 per cent, 40 per cent if the 1927 amount for horses, etc., is omitted. From 1921 to 1929 the increase was 100 per cent, 130 per cent if the 1921 amount for horses is omitted. The 1928 tax of $9,105 was divided $4,829 for pigs, $2,987 for cattle and sheep, $1,289 for mules, horses, and donkeys.

The following figures give the 1931 rates for transportation licenses:

		Day	*Month*	*6 Mos.*	*Year*
Carts:	1 animal	10 cops.	$0.50	$2.50	$ 4.00
	2 animal	20 "	1.00	5.00	8.00
	3 animal	30 "	1.50	7.50	12.00
	4 animal — double 2 animal				
	5 animal — double 3 animal				
Ricksha			$ .30	$1.50	$ 2.50

651 Remission or postponement of part or all of the land taxes was one
731 method of giving general community relief when an area suffered from flood, drought, locusts, or other natural disaster. The details of such adjustments are given in Chapter XX. When there was fighting in an area the military generally collected extra taxes and levied special assessments for food, transportation and man power. There was often looting in the actual fighting area. The extra taxes were sometimes said to be the prepayment of taxes for later years. Sometimes the extra assessment was softened by being labeled for a special need.

651 In 1926 and 1927 a 60 per cent surtax was added to the wine taxes. It was allocated to the army. In 1928 the extra levy was cut to 30 per cent and was designated for relief. Similar surtaxes were levied on tobacco.

When the land owners went to pay the second half of their 1926 provincial taxes they had to pay three times the usual amount. Besides the regular amount for local government activity a full year's extra taxes were collected for the army's anti-Red campaign. In 1927 an extra year's tax was collected both spring and fall, three year's taxes in one.

The extra tax collected in the spring of 1928 was 61 per cent of the year's total. It was divided 58.5 per cent for rehabilitation and 2.5 per cent for relief. In the three years the extra land taxes totaled $389,158. In addition the requisitioning and looting of the army cost Ting Hsien almost $1,000,000 in 1927 and 1928.[3]

3. See Chapter XX.

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The extra taxes were discontinued after the Nationalist government took over in the summer of 1928.

TABLE 46. TAXES, 1929

National		
Salt	$71,240	
Wine and tobacco	2,450	
Wine and tobacco dealers	8,016	
Cigarettes	35,100	
Likin	12,500	
Stamps	6,340	$135,646
Special deed inspection		2,528
Provincial		
Land	106,755	
Receipt forms recording	2,925	
Land sales	16,803	
Mortgages	2,072	
Forms and registration	4,063	
Sales (tooth) taxes	15,450	
Animal and cotton	22,928	
Slaughter house	5,000	
Additional salt	44,000	219,996
Special land		65
Hsien		
Land	33,578	
Land sales and mortgages	5,623	
Sales (tooth) taxes	28,863	
Animal and cotton	19,740	
Peanuts and wood	17,156	
Slaughter house	4,500	109,460
Special family assessment		21,438
Village		
Land sales and mortgages		4,530
		$493,663

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TABLE 47. TOOTH (SALES) TAXES, 1929

	Hsien	*Province*	*Total*
Animal	$ 9,500	$ 8,630	$ 18,130
Cotton, cotton seed	3,900	600	4,500
Cloth	500	1,040	1,540
Grain	4,300	1,450	5,750
Oil cake, fuel, vegetables, fruit, bags, thread, belts	3,300	165	3,465
Peanuts, mats, hemp	3,000	850	3,850
Wood, oil waste, animal hides, oil, bones	3,563	2,057	5,620
Bristles	800	658	1,458
	$28,863	$15,450	$ 44,313
Additional sales taxes			
Animal and cotton	19,740	22,928	42,668
Butcher shops	4,500	5,000	9,500
Peanuts and wood	17,156	–	17,156
	$70,259	$43,378	$113,637

TABLE 48. HSIEN RECEIPTS FROM TAXES ON PEANUTS AND WOOD

1917	$6,070	1922	$10,010	1927	$11,818
1918	4,484	1923	12,580	1928	13,553
1919	6,170	1924	16,282	1929	17,156
1920	5,560	1925	13,200		
1921	7,610	1926	12,680		

Amount from Districts, 1929

1	$3,770	4	$ 2,250
2	1,310	5	2,770
3	3,870	6	3,186
		Total	$17,156

TABLE 49. TAX COLLECTOR'S FEES, 1925

	No.	*5 Year Certificate*	*Annual*	*1 Year Total*
Animal	24	$2,280	$ 805	$1,261
Cotton	13	1,160	385	617
Cloth	4	640	280	408
Grain	19	1,890	651	1,029
Others	4	320	80	144
	64	$6,290	$2,201	$3,459

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

These are the principal functions of the Mayor of the Chinese municipium, and under the paternal government of this Father and Mother of the People" the ruled might be expected to be a body of abject slaves. This is far from being the case. In most countries the people may be divided into the law-abiding 634 and the lawless; in China a third division must be noted—those 626 who, though innocent of offense, come within the meshes of the law through the machinations of enemies. This, however, only serves to redress the balance, since the Chinese are essentially a law-abiding people, and, in the country at least, are guilty of few crimes below their common recreations of rebellion and brigandage. These they indulge in periodically when the harvest is in, if for any reason, such as flood or drought, the crops have been deficient; but, apart from this and apart from the regular visits of the tax-collector, it is doubtful if the actual existence of a government is brought tangibly to the notice of a tenth, certainly not to a fifth, of the population. The remaining eighty or more per cent live their daily life under their customs, the common law of the land, interpreted and executed by themselves. Each village is the unit for this common-law government, the fathers of the village exercising the authority vested in age, but acting under no official warrant, and interpreting the customs of their fathers as they learned them in their youth.[1]

The town where the official lives was, according to Morse, treated very much like a village. 632

The town is considered a collection of villages, being divided into *chia*, "wards," each with its *Tipao*, whose duties are the same as those of his country colleague.[2] 651

The function of the official as a tax collector was the one that affected the life of the people in town or country the most directly. There were two principal types of taxes: the land tax and the tribute or tax on the products of the

[1] Morse, *op. cit.*, p. 59.

[2] *Ibid.*, pp. 60-61.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

651 land or of craft or trade. In both cases the local prefect was the one who dealt with the people through his tax collectors. In both types of taxes there was a fixed item: the first or basic tax, which was, in the case of land, a percentage of an original fixed value and in the case of products of the land or of trade, a fixed percentage of the cash value of the products. The second item on the tax bill, whether for farmer or tradesman, was the "accretion," the additional amounts which it had been customary through long contests with the officials to add to the original figure. In addition to these two charges there was a percentage for the collection of the taxes, presumably to pay the expenses of the collectors. In describing these surcharges, Jamieson says:

> The fixing of these surcharges and the rates of commutation appears to be left mainly with the district magistrates, with the consent probably of the provincial treasurer. The Imperial Government does not, so far as I know, attempt to regulate such matters. The magistrates are mainly bound by old custom; what has been done before is tolerated, but there is always a tendency to seize on every occasion to try to obtain a little more. This, if too much, provokes a riot, the magistrate gets into trouble with the people, and a haggling ensues until either the extra impost is abandoned or a modus vivendi is arrived at on some middle ground.[1]

651 * 441 * 467 In both the second and third items of the tax bill there is possibility of change each year with a consequent battle between officials and the group taxed, whether in the country or the city, whether farmers or guildsmen. Morse gives little detailed description of the actual methods of taxing the products of the craft guilds or the business of the commercial guilds. In fact, he gives the impression that the guilds were at the time of his study so invulnerable and in such favored

[1] Quoted by Morse, *op. cit.*, p. 83.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

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position in the towns that they both profited from the low tax rates of the farmers and settled their own affairs without official interference.

The town has, however, its commercial questions, but these are almost, if not quite, invariably settled by the gild concerned, in accordance with gild rules, and are seldom brought to the cognisance of the officials.

Of the relations between town and country it may be said that the interests of the countryman, peaceful and law-abiding, are sacrificed to those of the town dwellers, rowdy and competitive. The direct taxes, land tax and tribute, are assessed on rental value for farming land, and town property is subjected to no great increase from this rating. The movement of food supplies, too, is prohibited or sanctioned, not according to the interests of the producing farmer, but to meet the needs of the consuming townsman.[1]

There are, however, ample indications in Morse's study that there was continual friction between guildsmen and officials on the question of taxes. This study of Peking guilds frequently brings out the same situation.

The guild's lack of legal status is thus described by Morse: "In China the guilds have never been within the law. They grew up outside it, and, as associations, have never recognized the civil law nor claimed protection from it." The government, however, gave tacit recognition to the guilds in allowing them to maintain their particular monopolies and in connection with taxation. In negotiations with the officials Morse tells us that the guilds "make representations to the government ordinarily through a sort of envoy, their secretary."[2] Their method when there is a clash between the interests of the government and those of the guild is described by Morse as follows:

[1] Quoted by Morse, *op. cit.*, p. 61.

[2] Morse, *The Gilds of China*, p. 27.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

*441 *467 ●651 They (the gilds) impose their will on traders in and out of the gilds, and may even, through the measure known as the "cessation of all business" cause the government to modify or withdraw its orders.[1]

In general, however, the guildsmen are urged to settle affairs among themselves in their own way and, if possible, to have nothing whatsoever to do with the officials.

It is agreed that members having disputes about money (and, in practice, any other) matters with each other shall submit their case to arbitration at a gild meeting, where every effort will be made to arrive at a satisfactory settlement of the dispute. If it prove impossible to arrive at an understanding, appeal may be made to the authorities; but if the complainant resorts to the courts in the first instance, without first referring to the gild, he shall be publicly reprimanded, and in any future case he may bring before the gild he will not be entitled to redress.[2]

In Appendix B will be found several detailed descriptions of contests between officials who desire to get as much money as they can out of these organizations and the guildsmen standing as a unit opposed to their demands. The growing power of municipal government in the large cities of China, however, is weakening the isolation and independence of the guilds, and the increasing strength of the local police is making their former autonomy difficult.[3]

THE IMPACT OF EURO-AMERICAN CULTURE ON CHINA

177 The review just given indicates the age-long background of the guilds; it gives their setting as they existed, unaffected

[1] Morse, *op. cit.*, p. 31.

[2] *Ibid.*, pp. 27-28.

[3] Gamble and Burgess, *Peking: A Social Survey* (New York, 1921), p. 34.

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

envy and hostility of the Wenchow traders, and suffer insult and injury, we have no adequate means of redress. Mercantile firms, if each looks only after its own interests, will experience disgrace and loss, the natural outcome of isolated and individual resistance. It is this which imposes on us the duty of establishing a club.[1]

In this study some evidence was found that some of the guilds in which membership was formerly confined to those of one district may have originated in this way. The following description given by a representative of the Tailors Guild would bear out this theory:

> This profession, we are told, originated in the South. The tailors who first came to Peking found it very difficult to find a lodging-place; so they called a meeting of their fellow-tradesmen to discuss the difficulty. The first proposal was that one per cent of everyone's salary should be given towards the organization of the guild and the building of a guild headquarters. The fund asked proved insufficient, so customers were asked for contributions. With these funds the Guild House was established during the Ming dynasty.

The Actors, in like manner, originally came from Anhui, and it may be possible that the Actors Club originated in close identity with the Actors Provincial Club, although the available material does not furnish any evidence along this line. The Water Carriers in Peking are almost entirely from Shantung, and the Bankers are invariably from Shansi.

(4) Another explanation of the origin of the guild may be found in the study of the inherent reasons for guild organization present both in contemporary Chinese society and in the ancient social structure. From of old the officials have levied taxes of one kind or another on commercial trans-

[1] Morse, *op. cit.*, p. 44.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

*441 actions. Craftsmen and merchants united into guilds so
*467 that they might thereby be able to present a solid front
651 against excessive taxation. There is every evidence that such exploitation is very ancient, running back long before Confucius, Mencius, and other classical writers who commented on the unjust practices of officials. The guild may have arisen primarily as a means of protection from official exploitation.

*441 (5) The pressure of population upon the food supply in
*467 China has already been commented upon.[1] The economic need of a large part of the population and the fact that there literally was not enough food to go around, would be natural incentives toward the formation of monopolistic groups to protect group interests in a given area.

D. The Historical Development of the Guild

*441 There are more recent references that show that guilds
*467 were in existence some hundreds of years ago. Marco Polo,
175 although not considered the most trustworthy of reporters, at least can be relied on in the matter of affirming the presence of guilds in China. He finds during the reign of Kubla Khan (1260-1294) a high development of guilds in Hangchow. There were in Hangchow twelve guilds of different crafts, and each guild had 12,000 houses occupied by its workmen.[2]

438 Douglas thus discusses the antiquity of commerce in China:

> As for everything else in China, a vast antiquity is claimed for the beginning of commerce. In the earliest native works extant mention occurs of the efforts made to barter the products of one district for those of another, and to dispose of the superfluous goods of China by exchange with the merchandise of the

[1] *Cf.* pp. 30-31.

[2] Quoted by E. T. Williams in *China, Yesterday and Today*, p. 187.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

Certain of the guilds depend entirely upon general assessments for expenses. The Dyers, for example, report "there are no guild fees, but when money is needed for any particular use, all the stores have a share." In the Blind Guild it appears that the officers are responsible for making up from their own pockets any deficit in the expenses of the annual meeting. If, however, there is a surplus they also have the privilege of dividing it among themselves.

The Awning Makers have a special method for collecting money for their annual meeting: "Two coppers are contributed by every shop worker beginning with the tenth day of the sixth month. This money is deposited in a small bank made of pottery which is supplied to each shop. The money is collected each month, the banks broken open and the money turned over to the guild treasurer. New banks are put in each shop as soon as the old ones are taken away."

The Oil Stores and the Sweet Oil Stores receive their income from a proportion of the general government tax collected on the sale of oil. The tax is thirty cents on each 100 catties of oil sold. This money is collected by the guild collector once a week. The total receipts from this tax during the year of 1925 were $15,000. Twenty per cent of this amount, or $3,000, was kept for guild expenses; the rest was turned over to the government through the Chamber of Commerce. The Sweet Oil Stores report that their tax on each 100 catties of oil is fifteen cents, and that they also keep twenty per cent of this amount for guild expenses. The total receipts of the guild on this basis for 1925 were $3,000.

B. Amount of Guild Fees

The guild fees may be roughly classified as fees paid by stores, fees paid by individuals (whether managers, workers or apprentices) and initiation fees. In commercial guilds membership is by store units. The stores pay the fees, usually according to the value of their trade. In the craft

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

CHAPTER XIII

CONTEMPORARY TRENDS IN GUILD LIFE AND THE PROBABLE FUTURE OF THE GUILDS

*441 *467 INDICATIONS that Peking guilds are changing in many respects have been evident at many points in our study. We have found among these indications loss of religious worship, failure to enforce rules, the giving-up of the apprentice system, the inability of the guildsmen to punish offenders, their reluctance to report non-members who are operating in guild areas, the acknowledged growing lack of interest by members in many guilds and their failure to attend meetings to which formerly every one came.

In dealing with these changes and modifications the previous chapters have merely given a descriptive presentation of these transformations without attempting their interpretation. In order to understand more clearly these processes of guild transformation or disintegration, or even roughly to forecast the future of the Peking guilds, it is necessary for us to go beyond the restricted limits of our local area and study the changes taking place in similar guilds in localities less secluded from the impacts of Western culture where these changes have consequently been more marked and *441 thoroughgoing. The Peking guilds have been relatively *467 shielded from many of the significant currents of modern 439 China. The two principal reasons for this are: (a) the local •651 tax[1] on all goods imported into the city which has blocked the development of modern factories because of the high cost of imported machinery and of raw material and given a virtual protective tariff to Peking guild-made products,

[1] *Cf.* p. 46.

4: Burgess E-4.5 (1926-1927) 1928 AF12 North China AF12

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TABLE XIX—*Continued*

	Indicate increase in membership, business, etc.	Stationary	Indicate decline in membership, business, etc.
Professional			
Actors	x		
Barbers	x		
Blind			x
Cooks			x
*Story Tellers			
Waiters	x		
Kitchen Coolies	x		
Porters			x
	4	0	3
Total	16	5	18

* Gave no reply.

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and (b) the fact that the activities of the Peoples Party in organizing labor have up to the present been largely confined to Southern and Central China.

A more extensive study of guild operation will also afford a perspective from which we may the easier detect the connection between the impact of the various forms of Western cultural inter-penetration [1] and the modifications and transformations in guild organization and life.

Before taking up this broader treatment, however, it will be of advantage to give the Peking guildsmen's own impressions as to the status of their organizations.

A. PEKING GUILDSMEN'S IMPRESSIONS OF THE STATUS OF THEIR OWN GUILDS

The representatives of eighteen guilds maintain that membership is dropping off and that business is growing

[1] *Cf.* pp. 36-43.

4: Burgess E-4, 5 (1926-1927) 1928 AF12 North China AF12

creasing in size and have held no meetings for some years. Among these guilds are the following groups:

(1) When the old style hair-nets became obsolete the guild that made them naturally ceased to function.

(2) The standardization of coinage by the use of the Chinese silver dollar has greatly lessened the work of the silver refiners. Formerly, when the silver tael was in common use, these craftsmen were kept extremely busy. The Silver Refiners Guild has been practically discontinued.

(3) As coal has gradually taken the place of charcoal, formerly used in the old-fashioned hand-stoves, the Charcoal Guild has weakened.

(4) Large numbers of embroiderers were formerly engaged in beautifying the costumes worn by members of the Court and prominent Manchu families. With the change of the government system and the consequent loss of power and wealth of former patrons, the demand for embroidery has greatly lessened. This guild has had no meeting since 1900.

(5) It was the custom in the Manchu regime for much of the tribute from the provinces to be paid in rice. The grain was stored in the government granaries and sometimes kept for many years. When sold it was considered a special delicacy. The merchants who sold this government grain composed what was known as the *Lao Hang* or Old Rice Guild. With the fall of the Manchu dynasty the payment of tribute rice was discontinued, the guild disappeared.

(6) With the increasing use of automobiles and the building of street railway lines, the use of horses and carriages has decreased. With the coming of the Republican regime the large groups of outriders that formerly accompanied the members of the Court when they passed through the Peking streets are no longer to be seen. The Horse Shoe Guild has, therefore, for all practical purposes, ceased to operate.

POLITICS

652 The records were made according to the Chinese calender which has twelve months in ordinary years but thirteen months in the leap year, and as this happened to be a leap year we have thirteen months in the year including two second months, so that the total amount of this year may be a little bit larger than other years. If we substract one month from the total we have twelve months' figures for revenue and expenditure of $5, 743.08 and $5, 789.99 respectively, showing that the total expenditure is slightly larger than the total revenue and must have been made up by loans or other measures. The monthly expenditure is more stable than the monthly revenue because expenses are more or less fixed while the revenue depends upon the sale of farm products which are highly seasonal. The lowest index of revenue goes down as low as 35 in the second months of 1928; on the other hand the highest rises to 2,123 in the seventh month of 1928, whereas the range for expenditure is only from 57 to 159.

651● We tried to analyse the various items of revenue to see how the contributions were shared among the various sources. The daily tax is a charge made on every store in the town every day; welfare tax is a charge made on the open shops during the market days; the grain tax is charged on the sale of grain in the market, and makes by far the largest contribution. Road tax is charged on carts and animals carrying commodities; fifth and eleventh item are the contributions from the Association for the Protection of Geen Crops in the various villages in the eastern district; school fees

6:Young et. al. E-5 (1928-1929) 1930 AF12 North China AF12

TABLE XLVI. SOURCES OF REVENUE

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SOURCES	AMOUNT (IN DOLLARS)
1. Daily tax	294.78
2. Welfare tax	81.53
3. Grain tax	2,190.14
4. Road tax	439.89
5. Help from other villages	918.90
6. School fees	41.10
7. Watchman's fee	57.47
8. Local guards' fee	822.73
9. Rent of Public Asset	12.00
10. Charge for feeds of military horses	677.86
11. Ching-ho village	61.73
12. Charge for street lamps and street cleaning	148.10
13. Special police fund from the stores	148.10
14. Fruit and Vegetable tax	40.00
13. Livestock tax	40.00
16. Miscellaneous	332.91
Total	6,221.67

are fees collected from the pupils; watchman's fee and local guards' fee and the tenth twelveth and thirteenth items are all contributions from the various

6:Young et. al. E-5 (1928-1929) 1930 AF12 North China AF12

stores. The last item includes such small and miscellaneous items from sources which cannot be properly classified. 651

The expenditure is classified in a more simple way as follows:

TABLE XLVII. ITEMS OF EXPENDITURE

NATURE	AMOUNT IN DOLLARS
Self-goverment	1,668.00
Police station	3,028.00
School	412.00
Local guards	719.00
Resident soldiers	409.00
Miscellaneous	38.00
Totat	6,272.00

Although there is only one treasurer who takes charge of all the money and accounts for its expenditure yet there are several organisations inside and outside the town for the collection of revenue. The Bureau of Weights which has a standard weighting system controls the sale of fruits and vegetables, and charges 3% to the seller and 2% to the buyer, a total of 5%. This Bureau has been in existence for more than ten years and has never changed hands. The person in charge contributes $40 a year to the County government, and $120 a year to the District government, but so far only some $40 have been handed over

651 to the District government.

There is another Bureau which collects the tax on all livestock killed for sale. The rate is $1 for each cow killed 60¢ for a pig and 40¢ for a sheep, but in practice the chief charges only half the regular rate. He is able to do this because the position was put up for auction and he has made an agreement with the county government to contribute $200 a year as tax whether the actual amount is up to that figure or not. If he collects more than the $200, be gets the benefit but if be cannot collect enough to pay the county government and the expenses of collection he usually invites the village heads and the managers of the various meat shops to contribute a special sum to tide over the situation, which is called "the lifting of the stone which is too heavy for the chief of the bureau to carry". Besides these $200 the Chief of the Bureau has to pay 20% deposit of the bidding value and 20% of the registration fee. There is also a further 20% fee for the workers in the County Bureau which does not come under the government. The method of collecting the tax is interesting. As there are only a few meat shops in the whole district. It would be very expensive to employ a large enough staff of inspectors so the Chief asks the various village heads to issue the licence to the meat shops on his behalf. Then the chief goes to the meat shops himself and negotiates with them for certain amount of tax from each shop. The Bureau for the collection of the tax on the sale of livestock is conducted on much the same lives, in fact it is the same person who offered the highest bid and has the job. The rate of the tax is

6:Young et. al. E-5 (1928-1929) 1930 AF12 North China AF12

3% from the buyer and additional 3% for the maintaince of the local school. The Bureau expert helps in accertaining the real value of the animal and in the negotiation of the price, and the Bureau also issues a certicate guaranteeing that the animal rightly belongs to the seller. 651

The road tax, which is charged on carts or animals carrying any kind of commodity is collected by two bureaux outside the town. The charge made is six coppers for each cart, four coppers for a camel, and two for a donkey. No receipt is issued to the passenger, so the collector can report any kind of revenue he likes.

The most important collecting organisation is the Bureau of Measurement which has control of all sales of grain in the town. The position is offered to the public by auction every three years, the highest bid offered by the present admintstration being $1,300 per year. The rate is one percent of the market price, half of which goes to the district selfgovernment, and the other half to the bidder. However, as we saw from the books the money is directly handed over to the district government by the various grain stores. The total amount for the preceding year as analysed above is more than $2,000 a year. All other taxes such as daily tax, welfare tax, watchman's fees, charges for street lamps and street cleaning, are collected by the policemen from the stores. Special funds are collected by special personnel by order of the district government. All money after collection is placed in the hands of the district self-government association for necessary expenses.

6:Young et. al. E-5 (1928-1929) 1930 AF12 North China AF12

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Since the coming of the Party to the town, the members have organised a financial commitee in the name of the citizens to take over the financial business of the whole town and district. The day after its establishment the members went over to the self-government offices and took possession of the books. They spent two or three days in auditing the books and found out many faults, so they arrested the deputy of the village head who did most of the work for both the village government and the district government, and he was fined $120 and released.

This committee has five executive members and 17 ordinary members. One good action they have undertaken is the publication of all accounts every month, and the following is their financial report for the first month of their administration. Although this only covers the first eighteen days yet the expenses are practically complete for the whole month, and we can thus take this account to represent the current month.

TABLE XLVIII. FINANCIAL REPORT OF NOVEMBER, 1928

INCOME	Amount	EXPENDITURE	Amount
From self-government	$117.04	Police station	$284.60
Special contribution	15.20	Financial committee	13.64
Students' fees.	7.50	School	15.33
Grain tax	270.03	Party organisation	120.00
Fine from Li	120.00	Street cleoning	10.00
How Chuan grain tax	12.50	Miscellaneous	51.20
Road tax	121.00		
Welare tax	3.50		
Daily tax	15.00		
Watchman's fee	5.50		
Miscellaneous	18.50	Balance	196.20
Total	691.27	Total	691.27

7: Gamble S-5 (1926-1927) 1933 AF12 North China AF12

494 however, is settled by bargaining. The amount agreed
465 upon naturally varies with the time of day, the weather, and the number of rickshas about. When engaged on a time basis, the fare ranged as high as 20 cents an hour, or $1 a day. For full-time work, a private ricksha man usually was paid $12 a month, and was expected to buy his own food. If he furnished the ricksha, his wage ordinarily was $18 a month, the rent of a better-class ricksha being 20 cents a day. The rent paid for their vehicles by the ricksha men among our families varied from $2.20 to $6 per month. The average was $3.10 a month, or a little over 10 cents a day. Three families employed full-
[651] time ricksha men. A monthly tax of 40 coppers, or a little more than 10 cents, was levied on each ricksha licensed by the police. This tax was paid by the owner. In August the police, aiming to improve the dress of the ricksha men, required them to purchase uniform jackets, costing 60 cents apiece.

494 Street-cars are operated on most of the main streets of the city. Being faster and cheaper than rickshas, they are well patronized, especially by those traveling a considerable distance. The cars are usually so crowded, however, that many people prefer to use rickshas. In 1927, the crowding was greatly intensified by the fact that the soldiers of Chang Tso-lin's army rode free.

493 Six families reported the purchase of bicycles for
656 amounts ranging from $14 to $90. Four other families spent small amounts for repairs and taxes. All bicycles were required to carry license numbers and were supposed
651 to pay a monthly tax. The latter was regularly collected for a time, but then was apparently allowed to lapse. The amounts paid as taxes were 15 and 20 cents a month.

7: Gamble S-5 (1926-1927) 1933 AF12 North China AF12

Automobiles are not generally used by Peiping families; with gasoline selling for $1 a gallon, their operation is expensive. Only one of our families owned a machine. That family had an income of more than $300 a month. Its total expenditure for communication, including operation of the automobile and the use of a telephone, was $445, or 8 per cent of the family budget. Eight dollars was spent one month for the city automobile tax. Such a tax is ordinarily a recurrent item, but it did not appear again in the later months. When members of the family were questioned about it, they said that it was properly omitted from the account as they had not paid it. They had moved and had not notified the police that they had a car at their new address. We wonder if the tax remained uncollected, as seemed to be the case with some of the house and bicycle taxes.

Four families had telephones in their houses. A fifth family spent a small amount one month for the use of a telephone. The usual amount reported by the regular users was $7 a month. In 1926, there was a large demand for telephones, and subscribers could sell their lines for considerable amounts. In some instances the premium was over $100. This premium, however, had virtually disappeared by the end of 1927, as political and economic difficulties had forced a great many foreigners and wealthy Chinese families to leave Peiping.

HEALTH

Health items include the amounts spent for doctors, medicine, hospital treatment, eye-glasses, toothbrushes, tooth powder, tongue scrapers, soap, baths, insect powder,

7: Gamble S-5 (1926-1927) 1933 AF12 North China AF12

In June, the police began collecting a house tax to provide additional funds for the support of the local force. The amount of the tax supposedly was based on the rent value of the house, but in many cases it must have been rather arbitrarily assessed, for the accounts show a wide divergence in the percentage of the rent value paid. Some families paying $2 a month for rent were taxed only 5 cents; others, 10 and 15 cents a month. Some whose rent was $1 a month paid a tax of 10 cents; other, 5 cents a month. One was charged only 10 coppers, 2.5 cents. A 12-room house with a rent value of $36 a month was taxed only 45 cents a month, while $1.20 a month was collected from a family living in a four-room house with a rent value of $8 a month. For the individual families, the tax ranged from 1.2 to 15 per cent of the rent; for the different income groups, from 2 to 8 per cent. The general average was approximately 5 per cent. One hundred and thirty-one families, 46 per cent, reported paying the tax for one or more months.

Evidently there was considerable confusion as to the time when the first tax payments should be made, by whom the tax should be paid, and so forth. The collection of the house tax was begun in June, but only two of our families reported paying it that month. Most of the families began in July. Still others made their first payment in September. Some families who were renting paid the tax one month, and then shifted it to the landlord. Many renters paid no tax, others paid every month. Fifteen families who owned their homes did not report any house tax. These apparently were cases where no tax was collected, for the house tax was one of the items specially checked with all families. Some of those who were given their houses rent-free paid the house tax, others did not.

7: Gamble S-5 (1926-1927) 1933 AF12 North China AF12

651 Of two families given their houses by the same employer,
*571 one paid the tax, the other did not. Only one-half the families reporting paid every month from July to November, but a number of them paid several months' taxes at one time.

The amount of the tax varied from 2 cents to $3.30 a month, but for 64 families, almost one-half of those reporting, it was only 5 or 10 cents a month. Five cents was the minimum for the $35 group; 10 cents for the $80 group; 15 cents for the $200 group; and 30 cents for the $300 group. The maximum for some of the lower groups was only 10 cents. It was 50 cents or less for all the groups below $50; and over $1 for all above $90. In several cases the amount of the tax evidently was changed, usually revised upward, reduced for only a few.

The police reported that in the five months from June to October they collected from the entire city a total of approximately $220,000. In February 1928, the amount collected was $54,854.67. The rates were raised in March.[8]

In 1931, the houses were divided, for tax purposes, into three classes—two-story, one-story with tiled roof, one-story with flat roof. There were three grades in each class. The amount of the tax levied on the various grades ranged from 5 to 40 cents per *chien* per month. The rates for the second and third grades of one class were regularly the same as those of the first and second grades of the next lower class.

The tax paid on bicycles was 15 and 20 cents a month. The ricksha tax was 40 coppers, 10 cents, a month. Peddlers reported paying a tax of 13 to 16 cents a month. As

[8] No. 10.

7: Gamble S-5 (1926-1927) 1933 AF12 North China AF12

the ricksha and peddler taxes were business taxes, they were not included in the family accounts.

The details of the expenditure for weddings, funerals, engagements and birthdays, most of which were included under incidentals, are given in Chapter X.

Surplus and Investment

Most of the families made some capital expenditures, lent money to others, repaid money they had borrowed, invested in savings societies. Besides these capital items, many of the accounts showed a surplus. Many also showed capital items on the income side, amounts received from money borrowed, loans returned, property sold, or money drawn from savings societies or banks. Where it was evident that capital income was used for capital expenditure, the amounts, both income and expenditure, were eliminated from the accounts. Capital transactions appear in the accounts, therefore, only when capital was drawn on for current expenditure, or current income was sufficient to provide funds for investment. If the reported income, both current and capital, was less than the current expense, the difference was entered on the income side as a deficit; but when current income was more than the reported expenditure for both current and capital items, the difference has been entered as surplus on the expense side of the account, and treated in the same way as any other expense item. Many budget studies do not take account of this surplus, but it seems logical to include the uninvested as well as the invested savings. The only difference between them is that one was spent for some capital item, while the other was held as cash at the end

8: Lin E-5 (1927)1928 AF12 North China AF12

west section which consists of four shops has to buy crude salt from Hanku, Shin-ho and Tangku. Tangku, which lies in the Chiang-Lu salt monopoly district, has always been rich in salt production. With such conveniences as easily accessible water and railway communications, supply of raw material and transportation of manufactured goods at Tangku have been greatly facilitated. If the demand for refined salt is constantly increasing, the factory can easily work to the fullest capacity of its six shops. But unfortunately unstable and chaotic conditions which China has undergone in recent years have rendered the factory difficult, if not entirely impossible, of operation, not to say money-making.

The output of the two sections of the factory varies somewhat in amount and also from day to day. Because of the varying degrees of efficiency among the workers, due undoubtedly to a number of causes, no definite amount of production could be ascertained. But it has been fixed by the factory authorities that each vat should turn out from 120 to 180 bags per day, one bag weighing 150 kilograms. And according to the report of the chief of the managerial department, the maximum daily output has been 1,200 bags in the four shops in the west section and 800 bags in the two shops in the east section of the factory. The total output of these six shops, therefore, amounts to about 3,000 piculs[1] per day or about 1,080,000 piculs per year. On account of the unsettled conditions in the country which have resulted in frequent suspension of the work in the factory, the average amount of output has been reduced to 600,000 piculs a year. The sale of these 600,000 piculs of refined salt is left to the business department of the Company at Tientsin.

It may be recalled that the salt revenue of the Chinese government has been pledged as security for the Reorganization Loan of 1913, and the transportation and sale of salt has since then been put under the supervision of the Salt Inspectorate. Consequently, the amount of crude and refined salt bought and

[1] One picul is equivalent to 100 kilograms.

8: Lin E-5 (1927)1928 AF12 North China AF12

sold by the factory must, first of all, be reported to the Inspectorate and duties thereon paid accordingly. Upon the receipt of the duties, permits are issued enabling the salt to be sold or disposed of in the designated areas. The payment of salt duties differs in the two sections of the factory. In the four shops of the west section, the duty on crude salt is paid before it is taken into the factory and another duty is paid again, when it is refined. In the two shops of the east section, however, salt is directly shipped from the fields to the factory store and the two duties are paid in a lump sum, when refined salt is made. Further, while the refined salt of the west shops may be deposited in the factory store house, that of the east shops must be deposited in store houses designated by the Inspectorate. An agent of the Chiang-Lu District Salt Inspectorate has an office near the Railway Station for collecting the duties and supervising salt removals. A large quantity of refined salt produced by the Chiu Ta Factory is shipped to Tientsin, Shanghai and other places, as the sale is limited only to trading ports. On account of this restriction, the interior of China is denied the use of this refined salt, unless it is sold by merchants who possess the right of exclusive sale of that place. It has been estimated that Tientsin and Shanghai take only 30 per cent of the annual production of the Chiu Ta Factory, while the remaining 70 per cent is largely absorbed in Hankow and Kiukiang.

The Place of the Chiu Ta Refinery Examined.—The Chiu Ta Salt Refinery is a pioneer organization in this country in developing the salt refining industry and improving the quality of salt. Since its formation in 1916, all salt merchants have begun to realize the importance of salt refining; and within a period of less than eleven years, salt refineries have been established one after another in several coastal towns. As a consequence, the importation of foreign salt which has always been duty-free has somewhat diminished. Further, the technical experts of the Refinery have from time to time made improvements in the process of salt refining. There is no doubt that the Chiu Ta Company has performed a unique service in develop-